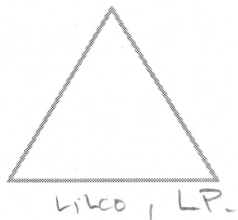


Exam #: 007357
 Question: 3

Exhibit:
 3A

Partnership:



Notes:

OSC = LOP
 P = Ltd.

Key:
 O.B. = Outside Basis (P's Adj. Basis)
 PA: Partnership Agreement

- ① P sells Item "B" for \$65K cash
- ② PA Amend. 40K special alloc. net profit.
 P&L 50/50

Assets		Liabilities	
	Basis	Basis	Value
Inventory		Debt	N/A
		<u>Equity</u>	
		<u>O.B.</u>	<u>Book</u>
		Item A $O = \frac{120K}{(120)}$ <hr/> Item B $P = \frac{300K}{(120) + (30)}$ <hr/> <u>150K</u>	
<u>Total Assets:</u>	less (270)	?	?
	(less 180)	Total Liabilities:	?

Distr

↓ ↓

OSC

$\frac{2 \text{ Items}}{\text{value}} = \frac{90K}{90K}$	$\frac{\text{value}}{\text{value}} = \frac{90K}{90K}$
↓	↓
<u>A</u> 30K value 120K basis	<u>A</u> 30K 120K
↓	↓
<u>B</u> value = 60K basis = 30K	<u>B</u> 60K 30K